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MONTHLY NOTES

FARM MANAGEMENT AND FARM ECONOMICS

October 1, 1921.

A SERIES OF INDEX FIGURES showing the trend of agriculture during the past eight years is included in a statement prepared to submit in the Unemployment Conference now in session. These comprise cost, values, purchasing power, etc. We will publish these figures in next month's issue of this sheet, but if anyone has need for data of this kind it can be made available sooner.

WHEAT MOVED IN A STREAM right after the harvest; 67,000,000 bushels (wheat and flour) exported during August - more than double the same month a year ago. With July, that made around 97,000,000 bushels exported, or upwards of half the amount it has been figured we can spare this year.

Exports have fallen off somewhat in September, but this outgoing stream of wheat is going to play an important part in the situation next spring.

WHOLESALE PRICE INDEXES FOR AUGUST, as made up by the Bureau of Labor Statistics are as follows, 1913 being the base or 100. (July figures also given for comparison):

<u>Farm Products</u>			<u>Commodity Groups</u>		
	<u>July</u>	<u>Aug.</u>		<u>July</u>	<u>Aug.</u>
Cotton	97	109	Farm products	115	118
Corn	98	92	Food, etc.	134	152
Wheat, No. 1, N.	150	142	Cloths & clothing	179	179
Hay, Timothy No. 1	150	145	Fuel & lighting	184	182
Steers, (good to ch.)	99	103	Metals & met. products	125	120
Hogs	116	116	Building materials	200	193
Eggs, N. Y.	133	142	Chemicals (& drugs)	163	161
Milk, N. Y.	152	195	House-furnishing goods	235	230
Potatoes	242*	304	<u>All commodities</u>	148	152
Wool, medium	103	99			

(*Adjusted new crop)

IN THE TREND OF PRICES we can see the inevitable slowly coming to pass. Farm products in general rose during August. Manufactured products in general declined. The situation as a whole still reflects the discrepancies that exist between wages of raw material producers (except coal) and wages of the groups who manufacture finished products.

Individual farm products have begun to show signs of being influenced by something besides panic and deflation. Cotton and potatoes moved up last month on evidence of short crops. Milk and eggs followed normal seasonal advances. Cattle and hogs are uneasy but show signs of advances. Corn, however, averaged the lowest price in eight years.

The average of all commodities advanced during August for the first time in more than a year.

IT WORKS OUT ABOUT THE SAME with sugar beets as with most other things:

Two men produced beets at a cost of \$5 per ton.

One man harvested only 3 tons to the acre, - and his beets cost \$35 a ton to produce.

But 73% of the growers produced at cost of \$11 or less.

The distribution of costs (exclusive of land rent) was:

labor. 69 to 75%

material 7 to 10%

insurance, taxes, overhead 17 to 30%

For the rest of the story, get Department Bulletin 963, "Cost of Producing Sugar Beets in Utah and Idaho," by Messrs. Moorhouse and Nuckols - just out.

REGARDING LOANS ON AGRICULTURAL PAPER which the War Finance Corporation is authorized to make - a sheet of information can be obtained from the Corporation in Washington. The simplest thing, however, is probably to get in touch with the Federal Reserve Bank in your district, which can answer questions and explain the ropes.

A COMPREHENSIVE REPORT ON THE WOOL INDUSTRY in the United States was issued not long ago by the Tariff Commission (Washington, D. C.). This report should be in the hands of every man whose interests touch the sheep industry.

THE TENANCY SITUATION and lease problems in Minnesota are dealt with in a new extension bulletin put out by Mr. Cavert.

A FARM BUSINESS SURVEY IN VERMONT will be made this month, according to present plans. This will be in cooperation with the state college. It will be carried out with the idea of fitting into the demonstration project, and will be carried on over a period of years in the same area.

WE LOSE MR. M. P. RASMUSSEN as farm management demonstrator in Vermont. He has resigned to enter the department at Cornell. We salute "Ras" as an organizer and live wire and have no great relish at his swelling the statistics of turnover.

MR. S. W. MENDUM, formerly at Wisconsin, has joined the staff of the Office of Farm Management and Farm Economics. Mr. Mendum is attached to the Executive section at present and is doing general statistical work and research planning.

HERE IS A SUMMARY OF CONDITIONS IN ILLINOIS that is well worth careful reading. It is from Mr. F. F. Elliott, Farm Management specialist:

"At this writing there does not appear to be much change, for the better, in the farmer's economic condition insofar as the increase in price of his products is concerned or decrease in price of things he has to buy. The farmer's purchasing power, as measured by the price of his chief products in this section, corn, oats, wheat, cattle and hogs, has on the whole tended to decrease somewhat during the past three weeks of this month. There has been a slight increase over August in the level of wheat and oats prices but for corn, hogs, feeder and fat cattle there has been a decline.

"Oats in this state yielded poorly this year and also are of a poor quality. In some sections they have tested as low as 18-22 lbs. per bushel. This and the consequent decrease in total production, in

spite of the large carry over, seem to presage a better tone to the oats market for the ensuing months. Corn prices, on the other hand, are still on the decline. This is not strange since the September 1st estimate on the growing crop is considerably above the estimate of the 10 year average for the same period. Liquidation, the past few weeks also, has been rather heavy and this too no doubt has had a depressing effect.

"A rather chaotic condition has prevailed in most of the live-stock markets during the past few weeks. With the dressed meat market depressed and oversupplied, the country unloaded cattle until the market was in a demoralized condition. Violent fluctuations have occurred in the hog market during the past few weeks with prices of hogs at the beginning of the last week in August within 37¢ of the lowest price of the year. Strictly choice and prime cattle, because of the comparative scarcity, did not feel the full brunt of the decline. Farmers seem rather timid about taking on stockers and feeders with the present narrow margin existing between prices of feeder and fat cattle and with present high freight rates. Most of the veteran feeders are of the opinion that \$5.00 to \$6.00 is plenty for good feeding steers and unless prices work down to that basis many of them will probably hesitate to fill their feed lots. Most farmers seem to have confidence in the possibility for profit in feeding hogs. They figure, with the present prices of corn and hogs, that they can make money by feeding corn to hogs.

"While the conditions described in the preceding paragraphs seem to obtain at the present time, the future economic outlook appears a little brighter. This year's farming operations in this state have been carried on at considerably lower costs. The farmer has gone thru his deflation period and now is ready to go ahead on the new low basis when the other groups come down to his level. The wise farmer is cutting down his grain production and getting more of his farm down in legumes and other grasses. This retrenchment policy besides keeping costs at a minimum is restoring the fertility lost during the war period and is building up a soil reserve against future needs, when farming may again be more profitable."

IN NEBRASKA Mr. E. L. Taylor furnishes the following summary:

"Nebraska has probably the largest corn crop in her history and that of the very best quality. Men who have a large crop of spring pigs will secure a fair price for the corn that they market by way of the pig pen. Unfortunately the pig crop is not as large as last year. When it comes to selling thirty cent corn the observation of a country banker covers the situation admirably. He said 'Corn at thirty cents will not pay the farmer's debts; it will pay his interest provided his debts are not too large.' The corn and oat section of the state is experiencing far more difficulty than the corn and wheat section. Oats brings only about one-third the cost of production. Wheat in

many of the counties made a very good crop and while the price was not all that could be desired, nevertheless, it brought in badly needed cash which enabled farmers to pay a part of their debts at least. Bankers in such counties report that both their reserves and deposits have greatly improved since wheat harvest. The potato crop in the potato section has been good while the market has been quite satisfactory.

"Live stock in the range counties has been sold off until the ranges have only about a third the usual number of cattle. The hay crop in those counties is unusually good this year but the prices are so unsatisfactory that much of the hay will not be cut. In fact many men have much of last year's hay crop on hand. Freight rates prohibit the shipment of such hay to market.

"The most optimistic part of Nebraska is made up of a group of very good counties that happened to experience poor crops during the period of war prices. Last year and this year crops have been good. Men in these counties feel fortunate in having plenty of feed for their stock and in having something to sell even if it does not bring war prices. Then for the most part these men did not speculate in high priced land or otherwise plunge into debt. Large debts coupled with low prices have produced most of the despair that exists here. Farmers who have not over reached are looking to the future with considerable courage."

CONDITIONS IN NORTH DAKOTA are summed up by Mr. R. E. Willard, Farm Management Specialist:

"During the period of high prices of agricultural products in the last few years, North Dakota has been so unfortunate as to have had almost complete crop failures. With the exception of 1918, every year of the war period, practically, has shown a financial loss. As a consequence, the present depressed agricultural situation is particularly distressing. Freight rates are high, so much so as to discourage the shipment of cattle and other classes of stock. The movement of hay is absolutely prohibited.

"Indications are that the bottom of the slough has been reached and that either agricultural products will rise or prices of other commodities will come down, which will amount to the same thing. While we have had some abandonment of farms, there will not be a marked decrease in acreage. Much attention is being given to the dairy industry and also to the production of sweet clover and corn.

"One advantage which North Dakota had as a result of the lack of yield during the periods of high prices was that there was no land boom. While many tracts changed hands, there was no "skyrocketing" of land prices, as reported in some communities.

"More and more interest is being taken by farmers, generally, in the economic phases of agriculture and the indications are that the demand will be even greater for farm management information in the future than in the past."

IN COLORADO, Mr. F. J. Chase, Farm Management Specialist, sets forth the situation as follows:

"Now that the harvest is nearly over economic sidelights on Colorado agriculture show:

"Corn Crop. Seventy-three per cent normal for the State and twelve points under normal for the United States. Corn barely selling on farms at around 35 cents per bushel, and on Denver market at one cent a pound with a large supply of old corn on hand.

"Wheat Crop. Eight million six hundred ninety-seven thousand bushels more than last year with condition 11.4 points better than United States, with a large per cent marketed wheat selling slightly less than one dollar per bushel on the Denver market.

"One million two hundred eighty-four thousand bushels more potatoes to harvest this year than last year with a condition in the United States 16.3 per cent below Colorado.

"Cabbage. Ninety-one per cent normal as compared with only 63 per cent normal for the United States. Late cabbage selling \$1.35 to \$1.60 per cwt.

"Condition sugar beets six per cent above United States and 96 per cent normal.

"Fruit condition 72 per cent normal and 30 points above United States.

"Hay 185,000 tons short of last year. Alfalfa Farm Value \$5.00 per ton No. 1 upland \$12.00 to \$15.00 per ton Dv. Market.

"Range best in many years and other forage and feed crops above the average.

"Live stock on farm apparently low from the following figures: Hog receipts on the Denver market September 19 showed a decrease of 10,293 for the year. Tops selling for \$8.50. Supply limited, demand favorable.

"Cattle receipts decreased 13,376 for the year. Top beef steers selling for \$5.75. Liberal offering, bids lower.

"Sheep receipts showed decrease of 252,577 for the year. Top killer lambs sold for \$8.25. Trading sluggish. Top feeder lambs sold for \$5.65 per cwt. with a fair demand and prices lower.

"Dairy cows, and possibly poultry, show slight increase in number on farms over last year.

"Cost of producing crops somewhat less than last year. Land cost about the same, machinery and equipment cost a trifle lower, labor during seeding time was practically the same as last year, but harvest labor about one-half to two-thirds the price of last year with an accumulating surplus and the price still going down.

"Colorado has a good crop yield.

"Live-stock supply is very much depleted.

"Has an abundance of labor.

"With these facts in mind the average man might conclude, whether right or wrong, with an over supply of cheap corn on the dry farms and hogs selling at \$8.50 the drylander can feed out a few good hogs with a profit.

"Wheat is probably at the low point in price for the year, so

the farmer with wheat in the bin, might do well in holding in as much as a large per cent of the wheat has already been marketed.

"Indications for feeding steers with any considerable profit is doubtful.

"One might break even feeding lambs this winter on account of the large amount of cheap feed that the irrigation farmer will have on hand.

"Due to the large amount of cheap feed on all types of farms in the State it does not seem that the farmer can go wrong by feeding a large amount to productive or growing live stock.

"Farmers with potatoes to market have likely prospects with the supply low in the United States and the crop big in Colorado. The same is true for the farmer with cabbage.

"Sugar beet conditions have come up in the last month and the farmer with a high yield stands a fair chance of making a good return.

"Fruit growers are fortunate, even in spite of high transportation, because other parts of the United States have only a little over half a normal crop.

"Freight rates and express rates are probably as high, or higher, for Colorado farmers than any other state in the Union. They have no water transportation and motor trucks are out of the question. Consequently, they have to depend entirely upon the railroads. With the distance so great to terminal markets and river points the railroads must of necessity charge higher rates than for closer points.

"It is quite apparent, in spite of these facts, that the Colorado farmer who has high production in two or three good cash crops, then feeds his rough feed to productive live stock, and has an even distribution of labor, and makes his living from the farm, will not be in the red even during a period of low prices."

